

## Message Text

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15

ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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FRB-03 INR-07 NSAE-00 TRSE-00 OPIC-03 SP-02 CIEP-01

OMB-01 /040 W

3.t ----- 020211

R 280519Z MAR 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9095

LIMITED OFFICIAL USE SEOUL 2059

E.O. 11652: N/A

TAGS: BPRO, KS

SUBJECT: EXIM BANK GUARANTEE FOR SALE OF COMPUTERS AND  
RELATED TERMINALS TO KOREA ELECTRIC COMPANY, SEOUL

REF: STATE 65583

1. THE ROKG HAS A 50.9 PERCENT EQUITY INVESTMENT IN KECO.  
ALTHOUGH NOMINALLY UNDER THE MINISTRY OF COMMERCE AND INDUSTRY,  
KECO OPERATES ALMOST COMPLETELY AUTONOMOUSLY.

2. ACCORDING TO BUDGET AND BANK OF KOREA DOCUMENTS, KECO IS  
SUBSIDIZED BY THE ROKG IN FOLLOWING WAYS:

A. TO COVER INCREASED OIL COSTS A ONE-TIME SUBSIDY IN  
1974 OF W18.5 BILLION. (RATE OF EXCHANGE W397.5 EQUALS  
DOLLAR 1).

B. INTEREST SUBSIDY ON ELECTRICITY BONDS IN 1974 W4.3 BILLION  
AT RATE W397.5 EQUALS \$1 AND W3.5 BILLION IN 1975 BUDGET  
AT RATE W484 EQUALS \$1.

C. PREFERENTIAL INTEREST RATE GIVEN KECO BY NATIONAL  
INVESTMENT FUND. IN 1974 9PERCENT PREFERENTIAL RATE COMPARED  
TO 15.5 PERCENT PRIME COMMERCIAL AND IN 1975 PREFERENTIAL  
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RATE OF 12 PERCENT GIVEN COMPARED TO 15.5 PERCENT PRIME.  
ESTIMATED W35 BILLION IN OUTSTANDING BORROWINGS.

3. EMBASSY KNOWS OF NO REASONS POLITICAL, COMMERCIAL,

OR OTHER WHY EXIM SHOULD NOT CONSIDER REQUEST CONTAINED  
REFTEL.  
ERICSON

LIMITED OFFICIAL USE

ESTIMATED W35 BILLION IN OUTSTANDING BORROWINGS.

3. EMBASSY KNOWS OF NO REASONS POLITICAL, COMMERCIAL,  
OR OTHER WHY EXIM SHOULD NOT CONSIDER REQUEST CONTAINED  
REFTEL.  
ERICSON

LIMITED OFFICIAL USE

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## Message Attributes

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**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Review Authority:** GolinoFR  
**Review Comment:** n/a  
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**Review Date:** 16 JUL 2003  
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05 JUL 2006

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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** n/a  
**TAGS:** BPRO, KS  
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